



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

May 7, 1993

CERTIFIED RETURN RECEIPT
P 074 978 866

Mr. Al V. Rice
203 Roselawn Drive
Weatherford, Texas 76086

Dear Mr. Rice:

Re: Outstanding Permitting Concerns, Yerian Mine, S/047/034, Uintah County, Utah

The Division is concerned about the discontinuity and confusion regarding who is, or has been, conducting mining operations at the Yerian site. There are a number of permitting issues regarding the site which need to be clarified. This letter is an attempt to describe our understanding of the situation and offer possible solutions.

A 1988 Notice of Intention (NOI) received by this office identifies you as the original operator of record for the Yerian placer mining operation. During a 1990 onsite inspection, Mr. Dennis Setliff presented himself as the current operator of the site. The 1990 annual report for this mine identifies Mr. Setliff as Vice President and representative of WSMARK Corp. By letter dated August 9, 1991, the Division asked Mr. Dennis Setliff to complete a permit transfer form which would formally transfer the original NOI from you to him. Mr. Setliff never returned the transfer form to the Division. Accordingly, our records still hold you formally responsible for operation and reclamation of the Yerian site.

During a May 20, 1992, Division inspection, several men were working at the mine site. They informed Mr. Tony Gallegos of the Division, that the new mine operator was Jetco, a subsidiary of Golden Eagle Mines. A mobile phone number for Mr. Frank Kelly was provided as the contact for Jetco.

On June 8, 1992, Mr. Kelly called the Division. He said that he had the impression that all the transfer paperwork was complete. He said he would check into it and send a letter to the Division. He gave a Vernal address for Jetco. A copy of the Division's May 20, 1992, inspection memo was mailed to the Jetco address, but it was returned to the

Page 2
Mr. Al Rice
S/047/034
May 7, 1993

Division. The mailing had been mistakenly received by Jetco Chemicals Inc., Roosevelt, and returned to the Division.

On September 3, 1992, another site inspection was performed. While at the site, Mr. Gallegos, and BLM personnel had an unscheduled meeting with Mr. Jerry Fitzen and Mr. Grant Grimm. Mr. Fitzen informed Mr. Gallegos and the BLM that Jetco had entered into an agreement with Dennis Setliff. In this agreement, Jetco would be responsible for any new disturbance and Mr. Setliff would be responsible for any old disturbance. The topic of the Yerian Mine disturbances encroaching upon BLM lands was also discussed.

On September 10, 1992, the Division tried to reach Mr. Kelly by telephone. His mobile phone number was no longer in service. Several different city offices in the Vernal vicinity were called, but no one had a listing for the Jetco Mining Company.

The following areas of concern must be resolved:

- 1) No record of permit transfer from Al Rice to Dennis Setliff was ever received by the Division. (Mr. Setliff was identified on the annual report for 1990 as "representative" for the WSMARK Corporation). No record of permit transfer from Al Rice (or Dennis Setliff) to Jetco was ever received by the Division. Attempts to contact Jetco using the information provided by Mr. Frank Kelly have been unsuccessful. Attempts to contact Mr. Setliff by phone have been unsuccessful.
- 2) The composite disturbance at the Yerian site appears to have exceeded the five acre limit for a small mining notice. By statute and rule, a mining operation cannot exceed a five acre disturbance before receiving Division approval of a Large Mining NOI and the posting of adequate reclamation surety.
- 3) The 1991 and 1992 annual report forms that were mailed to Mr. Setliff have not been received by the Division. Completion of the annual report form is required by Rule R647-003-116.

In order to resolve these concerns, the Division requests that you complete the following tasks within thirty (30) days from your receipt of this letter:

- 1) Submit completed annual report forms for years 1991 and 1992 indicating the appropriate operator and operator's representative (forms enclosed).

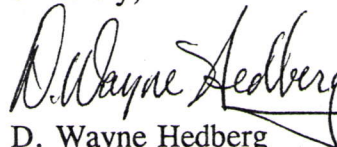
Page 3
Mr. Al Rice
S/047/034
May 7, 1993

- 2) If you are not the current operator, complete and return a signed Permit Transfer Form for a Small Mining Notice of Intention to this Division. The form must be signed by the new operator as well (form enclosed).
- 3) Contact this Division to coordinate an onsite inspection in the immediate future, to discuss the extent of current mining disturbances and possible reclamation of those disturbed areas that may exceed the five acre limit.
- 4) Complete items 1 and 2 prior to conducting any future mining activity at the site.

Failure to comply with these requirements will result in the issuance of a Notice of Agency Action by the Division or Board of Oil, Gas and Mining requiring you to appear before the Board at a formally scheduled hearing. Following the hearing, a Board Order may find you in violation of the Mined Land Reclamation Act. You may be required to cease mining activities and immediately reclaim all mining-related disturbances associated with this site. If a finding of knowing and willful violation of State law is evident, you may also be subject to fines and associated civil penalties brought about through civil action by the State Attorney General's Office.

If you have any questions regarding this letter, please contact me or Tony Gallegos of the Minerals Staff at your earliest convenience. We appreciate your assistance and cooperation in helping us resolve these outstanding permitting concerns.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Enclosures

cc: Dennis Setliff, 1901 W. Horseshoe Bend Rd. Vernal, Ut 84078

Stewart Ashton, Claimant (deceased?) - PO Box 3427 Longview TX 75606

Pete Sokolosky, BLM Diamond Mountain R.A.

Lowell Braxton, DOGM

Tom Mitchell, AAG

S047034